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SUBJECT: SPAIN FORGIVES IRAQ PARIS CLUB DEBT

Econoff spoke with Ministry of Economy and Finance Assistant Deputy Director for International Financing Systems Mario Delgado Alfaro regarding Spain's forgiving USD 482 million of Iraqi Paris Club debt. This equals 80% of the total USD 602 million Iraqi debt held by Spain. Delgado emphasized that the decision was an agreement between the government of Iraq and the Paris Club creditors. He chided the articles in the Spanish press that indicate this was a bilateral Spanish decision motivated by American pressure. The official Ministry of Economy and Finance statement stated, "Spain endorsed this accord because it considers it a necessary measure of support for the Iraqi people as they try to overcome the current, grave situation."

MANZANARES